

UNITED STATES BANKRUPTCY COURT  
FOR THE EASTERN DISTRICT OF MICHIGAN  
SOUTHERN DIVISION

In re:

KNOX CLINIC CORPORATION

No. 22-40018-MLO

Debtor.

Chapter 11- SUB V  
Hon Maria L. Oxholm

\_\_\_\_\_ /

**PATIENT CARE OMBUDSMAN'S FIRST REPORT**

Deborah L. Fish, patient care ombudsman, appointed by order dated January 25, 2022 (Docket #37); and in accordance with Section 333 of Title 11 of the United States Bankruptcy Code (the "Code"), submits this report on the status of the quality of patient care in the Chapter 11 Sub Chapter V case of Knox Clinic Corporation, (the "Debtor"). This written report covers the period from January 25, 2022 to March 23, 2022 and updates the oral report provided at the SubChapter V Status Conference on February 17, 2022. It is based telephone conferences and email communications with Dr. Sanjay Sharma, Dawn Tatro (who was head of human resources and chief of clinic operations in Illinois), the new manager of clinic operations, numerous medical staff at the clinic, and discussions with counsel for the Debtor.

**INTRODUCTION**

The Debtor filed a petition under Chapter 11 of the Code on January 4, 2022. The Debtor is a multifaceted health care entity. According to the Debtor, it currently provides the following services:

- Primary Care Services (Illinois, Michigan, Pennsylvania)
- Continuity of Care (Illinois, Michigan, and Pennsylvania,)
- Telehealth Services for Mental Health and Primary care (Illinois,

Michigan, Pennsylvania) Terminated prior to filing but plan to start again by April 1, 2022

- Credentialing Services (Michigan).
- Revenue Cycle Management Services (Illinois, Michigan, New Jersey, Pennsylvania)
- Clinic/Hospital Medical Billing, Coding and Account Receivable Services (Illinois, Michigan, Pennsylvania)
- Training of Medical students in Primary Care currently not happening, starting training on April 1, 2022 with focus on telehealth.
- IT and EMR consulting (Illinois, Michigan, New Jersey, Pennsylvania)

The Debtor currently operates its family medical care practice (primary care and limited women's health services) from its leased location at Galesburg Cottage Hospital 834 N. Seminary Street Galesburg Illinois. Although the Debtor provides a number of healthcare services only the clinic has patients to be reported on pursuant section 333 of the Code. The Debtor had approximately 30,000 patients at the commencement of the case, however, because doctors were terminated and practices closed patients have transitioned away. The Debtor is currently servicing approximately 12,000 patients and expects this number will continue to decrease as non-family practice patients transition away from the clinic. The Debtor currently employs 42 people. This number may be reduced as the number of patients decreases. The clinic staff has been downsized to include one doctor, physician's assistants, nurse practitioners, registered nurses and licensed practical nurses, together with, call center representatives, coders, receptionist, medical records clerk and others.

Since my appointment on January 25, 2022, I have had conversations with the staff at the clinic and until very recently those conversations have all been generally positive. I have requested that any staff member contact me directly if they have any concerns about patient care, issues with obtaining necessary supplies or concerns about the management of the Debtor. The issues recently raised by the staff have been added to my areas of concern listed later herein and are currently being addressed by the Debtor.

## **AREAS OF REVIEW**

Listed below are the areas generally reviewed with management and staff for this report and will be continuously addressed in future reports.

- Licensing: All staff that maintain a license in Illinois or Michigan or both hold a current valid license.
- Supplies: Due to the pre-petition closure of other clinic locations supplies have been consolidated to the current location and have been sufficient to date. This includes all general office supplies, all triage, PPP, and patient room supplies. All medications, devices, injectables have sufficient stock or have been regularly ordered and received. There was one issue with one supplier not shipping as a result of the bankruptcy. While the Debtor was searching for an alternative source, management was able to resolve the issue and there was no interruption in providing the service to patients. In summary, the Debtor does not have any supply/vendors issues to date.
- Equipment: The Debtor owns minimal diagnostic equipment, only a few EKG machines. I have requested maintenance schedules on all equipment and will update this information in my next report.
- Lab: There are no reported issues with lab procedures or obtaining lab results. There is an independent – unrelated lab on the 4<sup>th</sup> floor of the clinic building which provides service to the Debtor.
- Security and Access: The maintenance staff unlocks the doors to the clinic building at 5:45 am, and the clinic opens at 8:00 am. The maintenance staffs locks the doors to the clinic building at 6:00 pm. Certain staff members have keys to the internal doors in the Debtor's second floor suite of offices.

- Medical Records: The Debtor maintains an electronic medical record system. The older paper medical records are housed on site.
- Staffing:
  - The staff appears to have an overall positive attitude in light of the bankruptcy filing and large scale reduction in services over the last several months.
  - The Debtor's staffing is sufficient and the Debtor provides services in accordance with state licensing requirements
  - The prior and current on-site manager of clinic operations along with Nurse practitioners and general medical staff have assured me that patient care is the foremost concern of the staff.
  - There are currently 42 employees.

Based on the discussions held, there are no material issues related to the above which would negatively impact patient care at this time. However, see section below on medical records.

### **CONCERNS**

I have five current concerns. As stated above, the Debtor has electronic and paper medical records, I reported at the last hearing that patients had a procedure to follow to obtain medical records and that it was explained to the patients who called or arrived to the clinic to obtain their records. Additionally, the procedure to obtain the records is also posted on the website. However, due to the number of practices that were closed just prior to the bankruptcy filing and post-petition such as cardiology, orthopedics and others, the current unfulfilled medical record request back log is over 1500 in number. This number is unacceptable and may impact a patient's care at a new facility. I was alerted to this issue yesterday and immediately brought it to the attention of management. I was advised by the Debtor that temporary help would be immediately hired or

deployed to address the backlog and that the temporary employees would remain until the requests could be fulfilled in a two business day period.

Second, the Debtor must communicate better with the staff. It is essential to patient care and the continuity of care that especially during the bankruptcy process there is clear communication with the staff and direction to the staff. The staff members need to know if they can schedule future appointments and follow-up appointments with certainty of care for the patients. The Debtor is working on this issue and is committed to providing weekly emails to keep the staff updated on the bankruptcy process and plan.

Third, On Monday March 21, 2022 the head of human resources and the chief of operation at the clinic took a new full-time position and is only working nights and weekends for the Debtor. A staff member was elevated to manage on-site clinic operations and staff; however, she has a full-time job at the clinic. This employee restructuring may not be sufficient and will be monitored to confirm it does not impact patient care.

Fourth, the Debtor has developed a budget and projections which contain certain revenue assumptions. Given the closure of practices, most recently, Women's Health, it will be important to monitor the actual to projected weekly cash flow budgets to make certain the Debtor does not have cash flow issues.

Finally, the Debtor has had the benefit of a related landlord, that dynamic will change on April 1, 2022 when the hospital ownership changes hands. The Debtor will need to re-negotiate the lease. The lease term may impact patient care and will need to be closely monitored.

## **CONCLUSION**

While there are areas of concern and this Debtor will need to be closely monitored, to date, patient care has been delivered in the same manner post-petition and with the same quality of care as it was pre-petition for women's health until it closed on March 15, 2022 and for the family practice which remains open. The medical records department is not operating at the same manner as it did pre-petition due to the increased volume of requests and that deficiency is being addressed by management. I will provide an update on medical records as soon as I am advised that the backlog has been significantly reduced. I will file additional reports as necessary or required under the code. Additionally, I will instruct the Debtor to post a copy of this report on its web-site and at the clinic.

/s/Deborah L. Fish  
\_\_\_\_\_  
Patient Care Ombudsman  
1001 Woodward Avenue  
Suite 850  
Detroit, MI 48226  
(313) 309-3171  
dfish@allardfishpc.com  
P36580

Dated: March 23, 2022  
z:\22\102\pld\1st report.doc